

NON-GENERAL FUND DESCRIPTIONS

Following are explanations of year-end revenue and expenditure projections for the non-general funds that have required additional funding from the General Fund in prior years. Attachment III displays the fiscal year 2007 budget and year-end revenue and expenditure projections for these non-general funds. These projections are based on extensive review of actual revenues and expenditures and department operations and reflect best estimates for year-end. These are projections, however, and as such are subject to future revision.

Explanations of significant variances between period six actual results compared to period budgets are provided for the remaining budgeted funds. Significant variances in this report are defined as under or over budget by \$1 million or 50% and exceeding \$100,000. Period-to-date actual data compared to period budgets were provided for all budgeted departments and funds in the Charter Section 39 Report: Period Six of Fiscal Year 2007, 07-032, presented to the Budget and Finance Committee in January 2007.

PROJECTIONS

BUSINESS AND SUPPORT SERVICES

Risk Management Administration Fund

Revenues Under Budget 1%

Mid-year projections reflect a year-end revenue shortfall of \$164,000 due to a reduction in contributions caused by the large number of vacant positions throughout the City. City contributions are established based on budgeted positions; however, actual contributions are dependent on the number of actual employees working during the fiscal year.

Expenditures Under Budget 3%

Mid-year projections reflect year-end expenditure savings of \$333,000 due to five (5) vacant positions that the department is actively recruiting to fill. In addition, savings are expected due to completion of the new Workers' Compensation reporting system. The transfer of \$3.1 million from the Human Resources Department (General Fund) is requested in order to correct the fiscal year 2007 budget and properly reflect the responsibility for employee benefits and safety activities. The revenue associated with these activities already exists in the Risk Management Administration Fund.

DEPARTMENT OF FINANCE

Central Stores Internal Service Fund

Revenues Over Budget 36%

Mid-year projections reflect a year-end revenue surplus of \$6.9 million from inventory sales. Revenue from sales fully reimburse over budget expenditures from inventory purchases. An increase of \$6.4 million is requested to reflect projected inventory sales. This revenue category, and associated expenditures, were not budgeted sufficiently in prior years and were adjusted administratively.

Expenditures Over Budget 38%

Mid-year projections reflect year-end expenditures to be \$7.1 million over budget due primarily to the inventory purchases that are fully reimbursed by inventory sales. An increase of \$7.0

million is requested to fully fund projected inventory purchases. This expenditure category, and associated revenues, were not budgeted sufficiently in prior years and were adjusted administratively.

LAND USE AND ECONOMIC DEVELOPMENT

QUALCOMM Stadium Operating Fund

Revenues Over Budget 4%

Mid-year projections reflect a year-end revenue surplus of \$665,000 due primarily to additional Charger rent proceeds from the playoff game and an increase in commercial filming on Stadium grounds.

Expenditures Under Budget Less Than 1%

Mid-year projections reflect expenditures to be on budget at year-end.

PUBLIC WORKS

Equipment Operating Fund

Revenues Under Budget 2%

Mid-year projections reflect a year-end revenue shortfall of \$634,000 due to a reduction in non-fleet gasoline charges and departmental usage charges.

Expenditures Over Budget Less Than 1%

Mid-year projections reflect a year-end expenditures to be \$130,000 over budget primarily due to higher than anticipated costs for shop supplies and equipment rentals. Funds will be transferred from the Equipment Replacement Fund to balance the Operating Fund and will not have a direct impact on the General Fund in fiscal year 2007. However, the transfer will reduce the funds available for future replacement of vehicles.

Publishing Services Internal Fund

Revenues Under Budget 4%

Mid-year projections reflect a year-end revenue shortfall of \$196,000 due to a decrease in requests for publishing and printing services.

Expenditures Under Budget 7%

Mid-year projections reflect year-end expenditure savings of \$314,000 due to twelve (12) vacant positions that are not planned to be filled this fiscal year.

ACTUALS

BUSINESS AND SUPPORT SERVICES

Information Technology Fund

Revenues Over Budget 89%

Period-to-date actuals reflect a revenue variance of \$4,182,314 due to a \$4.2 million transfer that was received earlier than anticipated.

Expenditures Under Budget 10%

Period-to-date actuals reflect an insignificant expenditure variance. The transfer of 2.00 Information Systems Analyst IV positions from the Financial Management Department (General Fund) is requested to reflect a structural change that occurred after adoption of the fiscal year 2007 budget.

LAND USE AND ECONOMIC DEVELOPMENT

Development Services Enterprise Fund

Revenues Under Budget 25%

Period-to-date actuals reflect a revenue variance of \$7,072,898 primarily due to a decrease in the number of ministerial building permit applications received. Compared to the first half of fiscal year 2007, residential building permits are down 27%, commercial permits are down 31%, and miscellaneous mechanical/plumbing/electrical permits are down 5%. In addition, condominium conversion applications and discretionary project review applications (such as, preliminary reviews, public project assessments, and substantial conformance reviews) are down compared to the prior fiscal year. The department has sufficient budgeted reserves to offset the revenue loss this fiscal year and is only filling critically-needed, revenue-generating vacant positions.

Expenditures Under Budget 14%

Period-to-date actuals reflect an expenditure variance of \$3,991,100 primarily due to the department's efforts to only fill critically-needed, revenue generating positions due to the revenue shortfall. In addition, rent expenses have not yet been applied to the department.

Municipal Parking Garages Fund

Expenditures Under Budget 57%

Period-to-date actuals reflect an expenditure variance of \$731,088 due to an outstanding invoice for Central Plant staffing, pending utility charges and two (2) vacant positions that were vacant for the first half of the fiscal year.

PETCO Park Fund

Expenditures Under Budget 23%

Period-to-date actuals reflect an expenditure variance of \$2,121,239 due to prior year appropriations that are not anticipated to be expended in fiscal year 2007.

NEIGHBORHOOD AND CUSTOMER SERVICES

Golf Course Enterprise Fund

Revenues Over Budget 32%

Period-to-date actuals reflect a revenue variance of \$1,894,635 due to increased green fee rates as reflected in the Five Year Golf Operations Business Plan approved by City Council on July 5, 2006 under Resolution #R-301581.

Open Space Park Facilities Fund

Revenues Under Budget 98%

Period-to-date actuals reflect a revenue variance of \$435,172 due to a transfer from the Environmental Growth Fund that will occur later in the fiscal year.

Expenditures Under Budget 92%

Period-to-date actuals reflect an expenditure variance of \$404,150 due to a bond payment that will occur later in the fiscal year.

PUBLIC SAFETY AND HOMELAND SECURITY

Police Decentralization Fund

Revenues Over Budget 118%

Period-to-date actuals reflect a revenue variance of \$4,903,626 due to a transfer from the General Fund that occurred earlier in the fiscal year than anticipated.

Expenditures Under Budget 75%

Period-to-date actuals reflect an expenditure variance of \$3,140,417 due to lower than anticipated expenses for jail beds in the beginning of the fiscal year. The remaining contractual payment for jail beds, approximately \$3.1 million, will be charged at the end of the fiscal year.

PUBLIC WORKS**Equipment Replacement Fund****Expenditures Under Budget 94%**

Period-to-date actuals reflect an expenditure variance of \$10,720,856 due to purchases that were not completed as scheduled but will be placed later in the fiscal year.

Recycling Fund**Expenditures Under Budget 16%**

Period-to-date actuals reflect an expenditure variance of \$1,786,785 due to vacant positions. Approximately \$500,000 of General Fund expenditures inappropriately charged to the Recycling Fund in fiscal year 2007 will be repaid this fiscal year.

Refuse Disposal Funds**Revenues Over Budget 10%**

Period-to-date actuals reflect a revenue variance of \$1,884,519 due to higher than anticipated non-residential tonnage.

Expenditures Under Budget 28%

Period-to-date actuals reflect an expenditure variance of \$4,436,064 due to vacant positions. Approximately \$2.0 million of General Fund expenditures inappropriately charged to the Refuse Disposal Fund in fiscal year 2007 will be repaid this fiscal year.

Sewer Funds**Revenues Over Budget 3%**

Period-to-date actuals reflect a revenue variance of \$4,185,963 due to a decrease in capital improvement project activity reducing the amount billed to participating agencies and a delay in the transfer of funding from the Equipment Division.

Expenditures Surplus 36%

Period-to-date actuals reflect an expenditure variance of \$60,139,889 due to slower than anticipated spending in supplies and services, bond interest payments and state revolving fund loan repayment. General Fund expenditures inappropriately charged to the Sewer Fund in fiscal year 2003, based on the findings of auditors Mayer Hoffman McCann, will be repaid this fiscal year.

Utilities Undergrounding Program Fund**Revenue Over Budget 74%**

Period-to-date actuals reflect a revenue variance of \$150,018 due to interest earned on quarterly payments received from San Diego Gas & Electric for undergrounding utility projects.

Water Department Fund**Revenues Over Budget 7%**

Period-to-date actuals reflect a revenue variance of \$11,366,061 primarily due to unearned federal and state grants; poor rental collection from Agricultural Land; and unrealized reclaimed water incentives, other service charges, water storage transfer treatment, reclaimed capacity charges access, and financing proceeds. Higher than anticipated revenues from water sales, rental of non-agricultural land, reclaimed water sales, services to other departments, and loan proceeds

from the sale of property have reduced the variance between the period-to-date budget and actual earnings.

Expenditures Under Budget 16%

Period-to-date actuals reflect an expenditure variance of \$24,139,203 due to over 100 vacant positions and reduced Service Level Agreement expenses caused by the inability to bond for capital projects. General Fund expenditures inappropriately charged to the Water Fund in fiscal year 2003, based on the findings of auditors Mayer Hoffman McCann, will be repaid this fiscal year.

OTHER

AB 2928 - Transportation Relief Fund

Revenues Over Budget 127%

Period-to-date actuals reflect a revenue variance of \$6,357,195 due to \$4.5 million of unanticipated revenue and \$2 million of fiscal year 2006 revenue that should be appropriated into projects in the near future.

Expenditures Under Budget 100%

Period-to-date actuals reflect an expenditure variance of \$1,245,005 due to fiscal year 2007 funds that have not been appropriated into projects and, therefore, result in delayed spending.

Balboa Park/Mission Bay Park Improv. Funds

Revenues Over Budget 118%

Period-to-date actuals reflect a revenue variance of \$3,760,854 due to earlier than anticipated receipt of fiscal year 2007 revenues from the Transient Occupancy Tax Fund.

Expenditures Over Budget 85%

Period-to-date actuals reflect an expenditure variance of \$2,695,541 due to debt payments occurring earlier in the fiscal year than anticipated.

Gas Tax Fund

Expenditures Under Budget 26%

Period-to-date actuals reflect an expenditure variance of \$2,858,342 due to capital improvement project expenses that have not yet been charged to the fund.

TOT - Convention Center Fund

Expenditures Under Budget 28%

Period-to-date actuals reflect an expenditure variance of \$1,469,321 due to prior year appropriations that are not anticipated to be expended in fiscal year 2007.

Transient Occupancy Tax Fund

Revenues Over Budget 8%

Period-to-date actuals reflect a revenue variance of \$2,381,431 due to higher than anticipated growth in Transient Occupancy Tax revenues. Transient Occupancy Tax (TOT) revenues to this fund are projected to exceed budget by over \$5 million, removing the need for the \$4.7 million allocation from the General Fund.

Expenditures Over Budget 32%

Period-to-date actuals reflect an expenditure variance of \$6,762,547 due to earlier than anticipated transfers to other City funds.

TransNet (1/2% Sales Tax) Fund

Revenues Over Budget 8%

Period-to-date actuals reflect a revenue variance of \$1,169,206 due to earlier than anticipated receipt of revenues.

Expenditures Under Budget 73%

Period-to-date actuals reflect an expenditure variance of \$26,289,205 due to capital improvement project expenses that have not yet been charged to the fund.

Trolley Extension Reserve Fund

Expenditures Under Budget 84%

Period-to-date actuals reflect an expenditure variance of \$2,518,314 due to debt service payments that will be made later in the fiscal year.